BLISS TOWNSHIP EMMET COUNTY, MICHIGAN

Financial Statements For the Year Ended March 31, 2006

Prepared By:

Richard E. Mahlmeister, C.P.A., P.C. 580 South Nicolet, P.O.Box 996 Mackinaw City, MI 49701

Michigan Department of Treasury 496 (02/06) Auditing Procedures Report

Issue	Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.									
Local Unit of Government Type						Local Unit Nar		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	County	
	Cour		City	⊠Twp	□Village	Other	Bliss Town	nship		Emmet
		ar End			Opinion Date			Date Audit Report Subr	mitted to State	
М	arch	31,	2006		July 20, 20	006	100	July 27, 2006		
We	Ve affirm that:									
We	are c	ertifie	ed public ac	ccountants	licensed to p	ractice in M	fichigan.			
We Man	furthe agen	er affi nent	irm the follo Letter (repo	owing mate ort of comr	erial, "no" resp ments and rec	onses hav ommendat	e been disclo ions).	sed in the financial sta	tements, includi	ng the notes, or in the
	YES	9	Check each applicable box below. (See instructions for further detail.)							
1.	×		All require reporting	All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.				ents and/or disclosed in the		
2.	X		There are (P.A. 275	no accum of 1980)	nulated deficits or the local ur	s in one or	more of this u	unit's unreserved fund to budget for expenditures	balances/unrest s.	ricted net assets
3.	X							Accounts issued by the		Treasury.
4.	X				dopted a budg				·	•
5.	X		A public h	earing on	the budget wa	as held in a	ccordance w	ith State statute.		
6.	×		The local other guid	unit has no lance as is	ot violated the ssued by the L	Municipal ocal Audit	Finance Act, and Finance	an order issued under Division.	the Emergency	Municipal Loan Act, or
7.	×							evenues that were colle	ected for anothe	r taxing unit
8.	X									
9.	×		The local	The local unit only holds deposits/investments that comply with statutory requirements. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin).						
10.	There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.					ng the course of our audit there is such activity that has				
11.	X		The local i	unit is free	of repeated of	omments f	rom previous	years.		
12.	X		The audit	opinion is	UNQUALIFIE	D.				
13.	X		The local accepted a	unit has co	omplied with G principles (G	GASB 34 or GAAP).	GASB 34 as	modified by MCGAA S	Statement #7 an	d other generally
14.	×		The board	or counci	approves all	invoices pr	ior to paymer	nt as required by charte	er or statute.	
15.	×							d were performed timel		
des	If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission. I, the undersigned, certify that this statement is complete and accurate in all respects.									
We	have	enc	losed the	following:		Enclosed	Not Require	d (enter a brief justification	า)	
Financial Statements					\boxtimes					
The letter of Comments and Recommendations				mmendations	\boxtimes					
Other (Describe)							***************************************			
Certified Public Accountant (Firm Name) Richard E. Mahlmeister, CPA, PC				PC	· · · · · · · · · · · · · · · · · · ·		Telephone Number 231-436-5223			
Street Address							City	State Zip		
	580 South Nicolet Street, P.O. Box 996 Authorizing CPA Signature				Box 996			Mackinaw City	MI 4	9701
Autho	<i>'</i>	lai		Jull	COR		_{ted Name} chard E. Ma	hlmeister, CPA	License Numb	per

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Member:

American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

July 20, 2006

Township Board Bliss Township Emmet County, Michigan

I have audited the accompanying financial statements of the governmental activities and each major fund of *Bliss Township*, *Emmet County*, *Michigan*, as of and for the year ended March 31, 2006, which collectively comprise *Bliss Township's* basic financial statements as listed in the table of contents. These financial statements are the responsibility of *Bliss Township's* management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

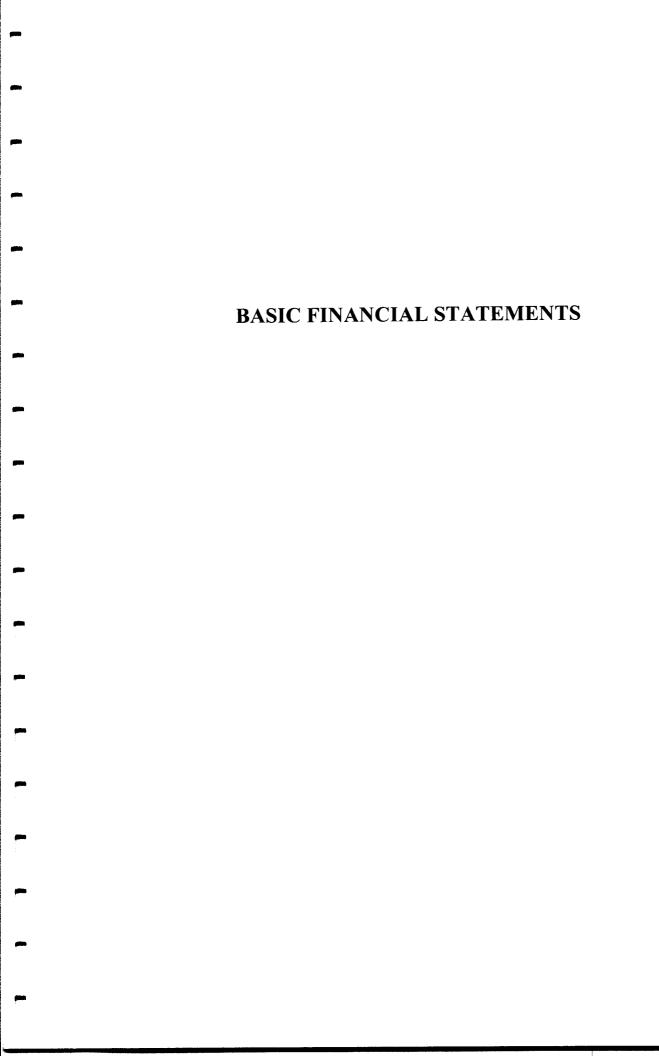
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of *Bliss Township, Emmet County, Michigan*, as of March 31, 2006, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

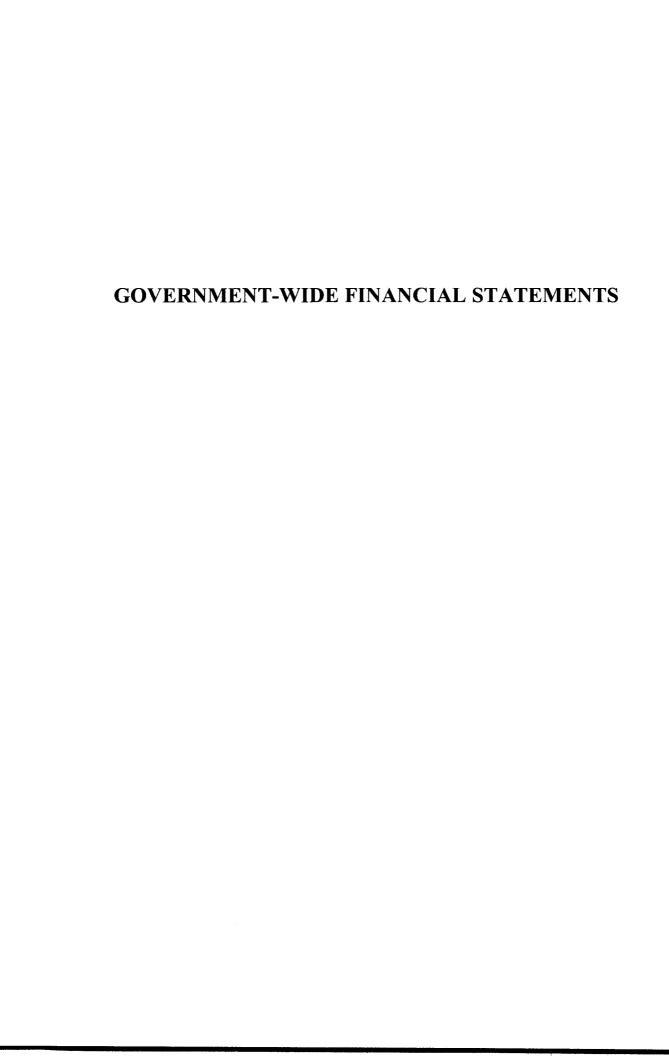
As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of March 31, 2006.

The Township has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required, to be a part of the basic financial statements.

The budgetary comparison information on pages 16 through 18, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Richard E. Mahlmeister, C.P.A.





BLISS TOWNSHIP STATEMENT OF NET ASSETS MARCH 31, 2006

ASSETS	GOVERNMENTAL ACTIVITIES
Cash and cash equivalents	\$106,043
Taxes receivable	9,943
Capital assets	194,433
Accumulated depreciation	(19,716)
TOTAL ASSETS	\$290,703
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable	\$407
NET ASSETS:	
Invested in capital assets	174,717
Unrestricted	115,579
TOTAL NET ASSETS	290,296
TOTAL LIABILITIES	
AND NET ASSETS	\$290,703

BLISS TOWNSHIP STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2006

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	
Primary government				
Governmental activities				
Legislative				
General government	\$2,792	\$1,840	\$	
Public safety	43,347	-		
Public works	11,717	-		
Recreation and culture	19,301	-		
Other	7,224	-		
Other	5,626			
Total governmental activities	90,007	1,840		
	General Revenues			
	Pi	roperty taxes		
	Si	tate-shared revenues		
	U.	nrestricted interest incom	ıe	
	Other			
	Total general revenues			
	Cha	ange in net assets		
	Net	assets, beginning of year		
	Net	assets, end of year		

Net (Expense) Revenue and Changes in Net Assets Governmental Activities Capital Grants and Contributions TOTAL

(\$952)	-	\$	
(43,347)	-		
(11,717)	-		
(19,301)	-		
(7,224)	-		
(5,626)		 	
(88,167)	-		

44,175
50,555
1,429
1,318
97,477
9,310
280,986

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-	FUND FINANCIAL STATEMENTS
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BLISS TOWNSHIP BALANCE SHEET - GOVERNMENTAL FUNDS MARCH 31, 2006

	CENEDAL	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS	GENERAL	FUND	FUNDS
Cash and cash equivalents	\$61,808	\$43,861	\$105,669
Taxes receivable	5,251	4,692	9,943
Due from tax collection fund	374		374
TOTAL ASSETS	\$67,433	\$48,553	\$115,986
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$407	\$ -	\$407
FUND BALANCES			
Unreserved:			
Designated for subsequent years' expenditures	31,878	-	31,878
Unreserved, undesignated	35,148	48,553	83,701
TOTAL FUND BALANCES	67,026	48,553	115,579
TOTAL LIABILITIES			
AND FUND BALANCES	\$67,433	\$48,553	\$115,986

The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP BALANCE SHEET - GOVERNMENTAL FUNDS MARCH 31, 2006

Reconciliation of fund balances on the balance sheets for governmental activities to the statement of net assets

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Add: capital assets

Subtract: accumulated depreciation

194,433

Subtract: accumulated depreciation

\$290,296

NET ASSETS OF GOVERNMENTAL ACTIVITIES

The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL FUND	ROAD FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	\$25,550	\$18,625	\$44,175
State shared revenues	47,984	2,571	50,555
Charges for service	1,840	-	1,840
Interest	1,132	297	1,429
Other	1,318	_	1,318
TOTAL REVENUES	77,824	21,493	99,317
EXPENDITURES			
Current:			
Legislative	2,792	-	2,792
General government	39,958	-	39,958
Public safety	11,717	-	11,717
Public works	1,327	17,974	19,301
Recreation and culture	7,224	-	7,224
Other functions	5,626	-	5,626
Capital outlay	34,235		34,235
TOTAL EXPENDITURES	102,879	17,974	120,853
REVENUES OVER (UNDER) EXPENDITURES	(25,055)	3,519	(21,536)
FUND BALANCES, BEGINNING OF YEAR	92,081	45,034	137,115
FUND BALANCES, END OF YEAR	\$67,026	\$48,553	\$115,579

The accompanying notes are an integral part of these financial statements.

BLISS TOWNSHIP STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MARCH 31, 2006

Reconciliation of statement of revenues, expenditures and changes in fund balances of governmental funds to statement of activities

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

(\$21,536)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, those costs are allocated over their useful lives as annual depreciation expense in the statement of activities.

Add: capital outlay capitalized during the current year 34,235
Subtract: depreciation expense (3,389)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$9,310

BLISS TOWNSHIP STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND MARCH 31, 2006

ASSETS

-	Cash	
	LIABILITIES	
	Due to other funds	374
_	NET ASSETS	
	Fiduciary Net Assets	s

BLISS TOWNSHIP STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUND YEAR ENDED MARCH 31, 2006

ADDITIONS Property tax collections for other governmental units	\$410,972
DEDUCTIONS Property tax distributions to other governmental units	410,972
Change in Net Assets	-
Fiduciary Net Assets - Beginning of Year	
Fiduciary Net Assets - End of Year	<u>s</u> -

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bliss Township, Emmet County, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

On April 1, 2005, Bliss Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, and Statement No. 38, Certain Financial Statement Note Disclosures. Under the provisions of GASB Statements Nos. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus. Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989.

THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which direct expenses of a given function or segment offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use. Or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Major funds are generally those that represent 10% or more of the respective fund type assets, liabilities, revenues or expenditures. The township considers both of its two funds to be major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS

Governmental Funds

<u>General Fund</u> - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Financing is provided primarily by property taxes and state shared revenues.

Road Fund - This fund accounts for revenues and expenditures attributable to improvement of various roads located within the Township. Revenue is primarily obtained from property taxes for this purpose.

Fiduciary Funds

<u>Trust and Agency Fund</u> - The Tax Collection Fund is used to account for property taxes collected for the Township and as an agent for other governmental units. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, cash in savings and money market accounts.

INVESTMENTS

Investments are stated at cost, which approximates market, and consist of certificates of deposit with maturity values of three months or longer. The Township has no investments as of March 31, 2006.

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All receivables are reported at their gross values.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

There is no accumulated vacation, sick leave or post-employment benefits to be recognized.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are generally defined by the government as assets with an initial individual cost of \$400 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Expenditures for maintenance and repair are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Because the Township is considered a phase 3 government for GASB 34 implementation requirements, the Township is not required to report infrastructure retrospectively. Any future infrastructure additions will be capitalized, if any.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements 15 - 40 years Equipment 5 - 10 years

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs are reported as debt service expenditures. The Township has no long-term obligations as of March 31, 2006.

FUND EQUITY

Reserved fund balances for governmental funds indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESERVES AND DESIGNATIONS

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity which is available for budgeting in future periods.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted by the Township officials for the General and Special Revenue Funds. The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

- 1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
- 2. Public hearings are conducted to obtain taxpayer comments.
- 3. Prior to March 31, the budget is legally enacted through passage of a resolution.
- 4. Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

NOTE 2: PROPERTY TAX

Property tax revenues for the year ended March 31, 2006, reflected in the accompanying financial statements include property taxes levied December 31, 2005. These taxes are due by February 15, 2006, and are added to the County tax rolls after February 28, 2006. The Township will receive 100% payment for the delinquent tax by June, 2006.

The taxable value of the Township totaled \$19,963,626, on which ad valorem taxes consisted of .9660 mills for the Township's operating purposes and .9285 mills for roads, raising \$19,180 for operating purposes and \$18,625 for roads.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: CASH AND CASH EQUIVALENTS

The caption on the combined balance sheet relating to cash and cash equivalents of \$106,043 represents deposits in two financial institutions located in Michigan in varying amounts. The total deposits in each individual financial institution do not exceed \$100,000 and therefore, are covered by the Federal Deposit Insurance Corporation (F.D.I.C.).

All accounts are in the name of the Township and a specific fund. They are recorded in Township records at cost. Interest is recorded when deposits mature or is credited to the applicable account.

Statutory Authority

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United states, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivables\payables for the year ended March 31, 2006 are as follows:

Fund	Interfund Receivable	Interfund Payable	
	Receivable		
General	\$374	\$ -	
Tax Collection		374	
Total	\$374	\$374	

There were no interfund transfers during the fiscal year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

ionows.	Balance April 1, 2005	Additions	Deletions	Balance March 31, 2006
Not being depreciated:				<u></u>
Land	\$13,000	\$ -	\$ -	\$13,000
Construction in Progress	43,843	29,317	-	73,160
Being Depreciated: Building and Improvements	97,076	4,918	-	101,994
Furniture and Equipment	6,279			6,279
Subtotal	160,198	34,235	-	194,433
Less accumulated depreciation	(16,327)	(3,389)		(19,716)
Total	\$143,871	\$30,846	\$ -	\$174,717

Depreciation was charged to the Township's functions as follows:

General government

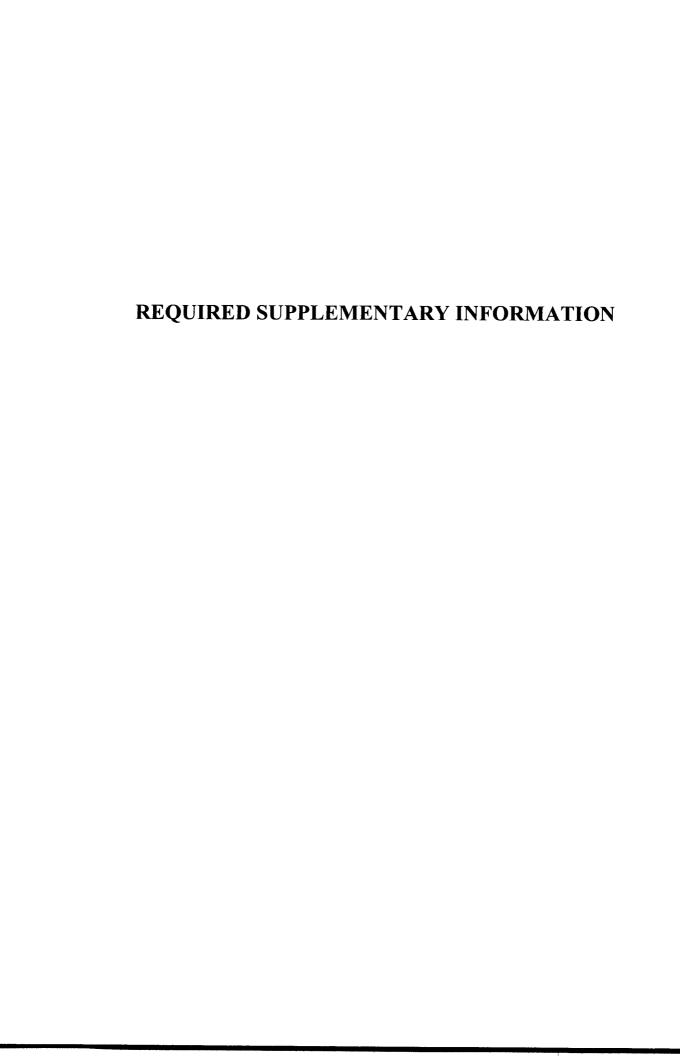
\$3,389

NOTE 6: RISK MANAGEMENT

Bliss Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of the Township. The Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of \$180,000, general liability of \$1,000,000, wrongful acts of \$1,000,000, crime of \$10,000, automobile of \$1,000,000, inland marine liability of \$10,000 and bonding for public officials errors and omissions. Additionally, the Township has purchased commercial insurance for workman's compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.



BLISS TOWNSHIP BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL	FINAL		VARIANCE WITH FINAL AMENDED BUDGET POSITIVE
	BUDGET	BUDGET	ACTUAL	(NEGATIVE)
REVENUES:				
Taxes:				
Property tax	\$17,720	\$17,720	\$19,180	\$1,460
Property taxes - administrative fee	5,350	5,350	6,370	1,020
Total taxes	23,070	23,070	25,550	2,480
State shared revenues:				
State shared revenues	39,700	39,700	38,633	(1,067)
Swampland tax	9,351	9,351	9,351	_
Total state shared revenues	49,051	49,051	47,984	(1,067)
Charges for services:				
Cemetery lots, burials and other	2,000	2,000	1,840	(160)
Interest	670	670	1,132	462
Other revenue:				
Land division fees	400	400	480	80
Other		-	838	838
Total other revenue	400	400	1,318	918
TOTAL REVENUES	75,191	75,191	77,824	2,633

BLISS TOWNSHIP BUDGETARY COMPARISON SCHEDULE -GENERAL FUND FOR THE YEAR ENDED MARCH 31, 2006

CURRENT:	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
LEGISLATIVE				0/54
Township board	\$3,310	\$3,466	\$2,792	\$674
GENERAL GOVERNMENT				424
Supervisor	5,500	5,500	5,066	434
Elections	2,300	2,300	530	1,770
Professional Services	-	667	667	38
Assessor	10,100	10,100	10,062	38
Board of Review	1,575	1,575	1,537	1,354
Clerk	6,650	6,650	5,296	371
Treasurer	8,300	8,300	7,929 3,706	190
Township property	3,550	3,896	5,165	1,235
Cemetery	6,400	6,400	5,105	1,400
TOTAL GENERAL GOVERNMENT	44,375	45,388	39,958	5,430
PUBLIC SAFETY			11 717	
Fire protection	5,000	11,717	11,717	
PUBLIC WORKS				4.050
Highways and streets	3,200	3,200	1,327	1,873
RECREATION AND CULTURE				
Library	6,000	6,249	6,249	-
Parks	1,000	1,000	975	25
TOTAL RECREATION AND CULTURE	7,000	7,249	7,224	25
OTHER FUNCTIONS				
Insurance, bonds and other benefits	5,100	5,967	5,626	341
CAPITAL OUTLAY	34,650	34,650	34,235	415
TOTAL EXPENDITURES	102,635	111,637	102,879	8,758
REVENUES OVER (UNDER) EXPENDITURES	(27,444)	(36,446)	(25,055)	11,391
,	07.001	92,081	92,081	
FUND BALANCES - BEGINNING OF YEAR	92,081	72,001	72,001	
FUND BALANCES - END OF YEAR	\$64,637	\$55,635	\$67,026	\$11,391

BLISS TOWNSHIP BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE - ROAD FUND FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES: Property tax	\$17,770	\$17,770	\$18,625	\$855
State shared revenues-METRO Act Interest income	•	•	2,571 297	2,571 297
TOTAL REVENUES	\$17,770	\$17,770	\$21,493	\$3,723
EXPENDITURES: Public works	15,000	17,974	17,974	-
TOTAL EXPENDITURES	15,000	17,974	17,974	
REVENUES OVER (UNDER) EXPENDITURES	2,770	(204)	3,519	3,723
FUND BALANCES, BEGINNING OF YEAR	45,034	45,034	45,034	
FUND BALANCES, END OF YEAR	\$47,804	\$44,830	\$48,553	\$3,723



Member: American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

July 20, 2006

Township Board Bliss Township Emmet County, Michigan

In planning and performing my audit of the financial statements of *Bliss Township*, *Emmet County*, *Michigan*, for the year ended March 31, 2006, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated July 20, 2006 on the financial statements of *Bliss Township*.

Thank you for the opportunity to serve *Bliss Township*. I appreciate the assistance I received from both the Clerk and Treasurer during my audit. Best wishes in the next year.

Mullmet CPA

Sincerely,

Richard E. Mahlmeister, C.P.A.

Bliss Township Comments & Suggestions July 20, 2006 Page 2 (two)

SEGREGATION OF DUTIES

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect *Bliss Township's* ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition that exists is that there is a lack of segregation of duties in both the receipting and disbursement function of the Township. This condition is generally inherent in organizations the size of *Bliss Township*, where corrective action is not practical, and, considering other mitigating factors and controls, is not considered to be a material weakness.

CAPITAL ASSETS

I recommend that the Board review the policy as to which assets should be recorded as a capital asset. The *Government Officer's Finance Association* (GFOA) recommends that assets that have a useful life of at least one-year and a cost of \$5,000 be included as a capital asset. I further would recommend that the Board make this threshold, at least, in the range \$1,000 to \$2,000. Adopting a capitalization policy with these minimums would exclude assets of minimal value and would make the record keeping less cumbersome and would create more useful capital asset information.

ACCOUNTING SOFTWARE

Considering the size and accounting needs of the Township, the current accounting software adequately provides accounting information for financial statement preparation. However, though the basic structure is there, it does not <u>fully</u> utilize the Uniform Chart of Accounts, as prescribed by the State of Michigan. Additionally the Township should implement separate fund accounting for the Special Revenue Fund (Roads) of the Township.

I suggest that the Board, when next updating the accounting software, consider pursuing purchasing fund accounting software to a level that will provide accounting and budgeting information, separately for each fund, that may be more useful to management and fully utilize the Uniform Chart of Accounts, as prescribed by the State of Michigan.